

Docket No.: 07-0166
Bench Date: 10-11-07
Deadline: None

M E M O R A N D U M

TO: The Commission

FROM: Michael L. Wallace
Administrative Law Judge

DATE: September 27, 2007

SUBJECT: Illinois Commerce Commission
On Its Own Motion
-VS-
Commonwealth Edison Company ("ComEd")

Investigation pursuant to Section 9-250 of the Public Utilities
Act of Electric Rate Design.

RECOMMENDATION: Enter the attached order approving changes to rate design.

This matter was previously on the August 29, 2007 agenda and was held. In the interim, on August 28, 2007, Senate Bill 1592, as amended, was signed by the Governor and enacted into law as Public Act 95-0481 ("PA 95-0481"). The attached order is essentially the same except for changes concerning the pending bill and the signed legislation. Also, the implementation date has been changed from October 1, 2007 to December 1, 2007.

The instant docket was initiated upon the entry of an "order initiating investigation" into all aspects of the rate design of ComEd, specifically including delivery services, supply services and other tariffed aspects of electricity service to make the rate structures more just and reasonable than those currently in effect. A proposed order was issued on July 31, 2007. Briefs on exceptions and reply briefs on exceptions were received and duly considered. It should be noted that the revisions in the August 29th Order shown in track changes format have been accepted and revisions from the August 29th Order are shown in track changes format in the attached Order

Contested Issues

One of the primary contested issues in this case is whether rates for ComEd's residential space heating customers need to be redesigned. Staff proposes increasing the summer/winter supply charge rate differential. ComEd argues that such a change is not needed because these customers are eligible for the budget billing program that would, in ComEd's view, achieve the same result. While this was not an easy decision, the attached order adopts Staff's recommendation because, for reasons that are not clear, many residential customers choose not to enroll in the budget billing program and suffer inordinate bill impacts. The attached order would ease the bill impacts for those residential customers that may not be well informed about their electric bill options.

Another contested issue is whether it is necessary and appropriate to modify ComEd's nonresidential space heat rates to provide relief, primarily to those customers represented by BOMA. BOMA provides multiple arguments in support of its proposals to obtain relief from increased non-summer bills. BOMA's proposals are opposed by ComEd, Staff, IIEC and Constellation NewEnergy. The conclusion in the attached order observes that BOMA has previously raised this issue in Dockets 05-0159 as well as 05-0597. Additionally, the attached order rejects BOMA's proposal to reinstate Rider 25 as well as its alternative requests for relief. The attached order finds that BOMA is essentially requesting the Commission to order ComEd to provide electricity at below-market prices and to require other customers to make up the difference.

The attached order rejects Staff's proposal to eliminate the role of the rate prism and the previously approved rate mitigation plan and in the future increase or decrease supply rates on an across the board basis. Additionally, the attached order rejects ComEd's proposal to modify the previously approved rate mitigation plan in a manner that might further limit the impact of increased supply costs on customer bills. The attached order finds that such changes are premature given that the impacts of future procurements processes on customer bills are not known at this time.

Also addressed in the attached order is CUB's proposal to reclassify accounts with common areas in residential buildings with more than six units as residential. Additionally the attached order addresses ComEd's suggestion that the Accuracy Assurance factor might be modified to accommodate a non-bypassable mitigation charge. And finally, the attached order address the question of when the approved rate design and rates should become effective.

The parties were given the opportunity to address the effects of SB 1592. While SB 1592 has been signed into law as Public Act 95-0481 and in light of the other conclusions contained in the attached order, no material changes were made to the attached order.

I recommend entry of the attached order.

MLW/lw